

Department of Education

Year 2000 Quarterly Report to The Office of Management and Budget

August 13, 1999

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Since the May 14 quarterly report, the Department of Education has maintained Y2K compliance of all systems while expanding its efforts in outreach, survey assessments of Y2K readiness of the education community, trading partner testing, contingency planning, and day one transition planning.

The Department completed its systems conversion effort on March 8, 1999 with the implementation of its last system to be converted, the Federal Family Education Loans (FFEL) system, ahead of the Office of Management and Budget (OMB) March 31, 1999 deadline. One hundred percent of the Department's 175 systems are either retired (28) or are Y2K compliant and fully implemented (147). The Department is maintaining Y2K compliance of its systems through re-validation of individual systems on an on-going basis as needed, together with limited moratoriums on regulations and systems changes from September 1999 through March 2000.

Mission critical systems:

- All of the 14 mission critical systems (100%) have completed renovation, validation and implementation, including independent verification and validation (IV&V), and have been phased into production. See Table 1.

Table 1
Mission-Critical Systems

Total Number of Mission-Critical Systems	Number Compliant	Number to be Replaced	Number being Repaired	Number to be Retired
14	14	0	0	0

- See Tables 3 and 4 at the back of this report for a historical record on completing the mission critical systems. See the chart at the end of this report for a graphic depiction of the March 8, 1999 completed status of mission critical systems.
- The Office of Inspector General (OIG) was required by the Higher Education Amendments of 1998 to complete a risk assessment of the mission critical systems used to support the student aid programs. This involved 13 of the Department's 14 mission critical systems. The OIG issued an initial risk assessment report on January 15, 1999 and a final report on July 16, 1999. In the final report, the OIG cited the Department's extensive outreach efforts to promote Y2K awareness, provide technical assistance and to learn about progress made by education entities. However, the OIG report expressed concern about the inadequacy of Y2K readiness of postsecondary institutions. According to recent Y2K readiness surveys conducted by the Department, only 30 percent of the participating postsecondary institutions have their mission-critical systems Y2K ready. In response to this finding, the Department has stepped up its efforts to encourage schools to work on the Y2K problem through regional workshops, conferences, focus groups, news media events, meetings with key associations, and an August 4 letter from Secretary Riley to all college presidents. The Department has implemented almost all OIG recommendations in the report. One was that the Secretary require postsecondary institutions to test their data exchanges with the Department. This recommendation is being considered.

Non-mission-critical systems:

- All of the Department's 161 noncritical systems (100%) have either been retired (28) or completed renovation, validation and implementation (133) and have been phased into production. The last one of these systems, the Federal Student Aid Information Center, was completed in late February 1999.
- See Table 5 at the back of this report for a historical record on completing the noncritical systems.

Data exchanges and end-to-end testing:

- **Data exchanges.** Each system's data exchanges are considered integral

components of the system. As such, checking on their Y2K compliance, and renovating as needed, is a part of the Department's standard system conversion process. All systems, including their data exchanges, have been fully renovated, validated, and implemented. The ability of each system to send and receive Y2K compliant data was tested during the validation phase for each system.

- **End-to-end testing.** End-to-end testing involves: (1) Department system-to-system testing and testing with other Federal agencies, and (2) postsecondary institutional testing with Department systems. Department system-to-system testing and testing with other agencies has been completed. To date, 121 schools out of 5,800 have tested with the Department; 46 of these passed. These 46 are recognized on the Department's website on the testing "Honor Role."
- None of the schools' testing failures can be traced to Y2K problems. The failures are attributable to various procedural problems such as not following the format, not following instructions, submission of incomplete transactions, typos, and giving up (only one attempt).
- Responses to a recent survey yielded the following explanations of why schools have not yet begun testing with the Department include "not ready to test," "our servicer will do that," "too low of a priority," "key person needed to do this isn't available now." Seventy percent of the respondents to the Department's recent postsecondary education survey indicated that their mission critical systems were not yet all Y2K compliant. However, 65 percent of the respondents stated they will conduct Y2K testing with their major trading partners including the Department.
- The Department's first school testing window was April – June 1999. Its second testing window is now in progress, July 12 – September 20. The Department is promoting the availability of the tests with letters encouraging schools and third party servicers to test, presentations at conferences and regional workshops, and on the Department's website. The Department recognizes it must be ready to test with the schools and servicers when they are ready to test. Therefore, the addition of more testing windows to begin in the Fall is being considered.
- The Department has streamlined the testing procedures and instructions to make them as customer-friendly as possible. The Department is reviewing how it may better recruit schools to test, including the potential of telephoning schools to solicit their participation. More information on the school testing program can be found on our website (www.ed.gov/offices/OCIO/year/b2a.html).

- Data exchanges with States have been reported to the General Services Administration (GSA) for inclusion on the State Data Exchanges database.
- The Department provided the General Accounting Office (GAO) a comprehensive list of its external data exchanges and corresponding test plans and results in a report issued March 31, 1999. The Department updated this report for GAO on July 15, 1999, and will do so again on October 15, 1999, reporting on further data exchange and end-to-end testing results.

Embedded chips

- The Department has few systems with embedded chips. By September 30, 1998, all personal computers (PCs) on the Department's network (EDNet) were repaired or replaced. A recent double-check of all PCs revealed a remaining 102 noncompliant standalone PCs and 221 noncompliant laptops still in use. These machines are not hardwired to EDNet, and instead use dial-up modems to access EDNet resources. Because they pose some risk of introducing noncompliant data and information through the network, they are being replaced.
- Office equipment such as fax machines and copiers were checked and double-checked by October 31, 1998, and all were found to be compliant. New equipment purchases are required to be compliant.

Telecommunications systems:

- The Department's telephone systems, FTS 2000/2001 and WITS, are administered by GSA. The Department participates in the GSA Telecommunications Group and continues to track GSA's progress. The Department's understanding is that FTS 2000/2001 is fully compliant.
- Department-owned network communications infrastructure components with embedded chip issues were identified and replaced or retired as part of the EDNet renovation. These components were replaced in the Fall of 1998.

Building systems:

- The Department owns none of the 39 buildings it occupies across the country. These buildings are all administered by GSA, either directly GSA-owned (17) or as leased space (22). The Department participates in the GSA Building Systems Group and is tracking GSA's progress.
- As of August 3, 1999, eight of the 17 GSA-owned buildings that the Department occupies were identified on a GSA report as not Y2K ready. Similarly, 11 of the 22 leased buildings that the Department occupies were identified on the same GSA report as not Y2K ready. The Department is working with GSA in an effort to establish target dates that GSA will work toward to complete the Y2K renovation of these remaining buildings.
- Twenty eight of the 39 buildings identified on the August 3 report do not have a contingency plan. None of the 22 leased spaces, nor six of the 17 GSA-owned buildings that ED occupies have a Y2K contingency plan. The Department and GSA staff have met about this and are pursuing expeditious corrective action.

Outreach:

The Department is assisting the nation's education sector in addressing the Year 2000 challenge with a myriad of outreach projects involving technical assistance materials, regional workshops and national conferences, survey assessments, association meetings, a video news release (VNR) and a possible second interactive teleconference.

- **Technical assistance printed materials.** The Department continues to distribute copies of the *Year 2000 Compliance Guide for Elementary/Secondary Schools and School Districts* and the *Year 2000 Readiness Kit* for postsecondary institutions. These documents provide an explanation of the Y2K problems, sample plans from other schools, information on managing the Y2K compliance of suppliers, information on contingency planning, sample Y2K procurement and contract language, a list of website resources as well as additional tools and resources. Over 20,000 copies of the Readiness Kit have been distributed to postsecondary institutions and 19,000 copies of the Compliance Guide have been distributed to school districts. They have also been distributed to state departments of education, education associations and other Federal agencies administering education programs. These documents are accessible electronically on ED's Y2K website.

- **Technical assistance videos.** The Department is continuing to distribute upon request video copies of the Y2K Teleconference held on December 7, 1998. There is available both an elementary/ secondary version and a postsecondary version. Hundreds of these videos have been distributed to education associations, school administrators, elementary and secondary schools, school districts, postsecondary institutions, state Year 2000 Coordinators and other Federal agencies that administer education programs.
- **Technical assistance brochure.** The Department redesigned its Y2K brochure to highlight testing opportunities, contingency planning and the availability of technical assistance materials. It has already distributed over 25,000 copies of the brochure to the education community and the Department plans to distribute an additional 25,000 copies over the remaining months of 1999. The brochure is accessible electronically on the Department's Y2K website.
- **Technical assistance website.** This quarter, the Department enhanced its Y2K website to contain more information on contingency planning, testing, and additional tools and resources. The site's number of visitors continues to grow. There were over 70,000 this quarter.
- **Elementary/Secondary Education Y2K Workshops.** The Department has conducted nine regional workshops with attendees from all 50 states and the U.S. territories. These workshops provide a forum for state education representatives, superintendents, principals, education association members and Y2K coordinators to share their experiences in addressing the Year 2000 challenge and gain additional knowledge and insights. The Department is also planning to hold follow-up workshops in regions that require additional assistance.
- **Postsecondary Education Y2K Workshops.** In addition to the seven regional workshops held for the postsecondary education community in 1998, the Department is holding in 1999 several more workshops specifically targeted as follows: Puerto Rico postsecondary institutions, Historically Black Colleges and Universities, two with Hispanic Serving Institutions, and Tribally-controlled colleges. As of this report, eight of these 1999 workshops have been held.
- **Education Community Assessments/Surveys.** The Department has recently conducted large-scale surveys of the Y2K readiness of the nation's elementary/

secondary and postsecondary education institutions. On March 26, 1999, the Department and the National School Boards Association (NSBA) jointly invited the nation's superintendents of schools/local education agencies to participate in a survey of Y2K readiness in our elementary and secondary schools. The results of this survey, which closed June 2, 1999, show that the elementary/secondary education community has made progress in its Y2K efforts, but faces significant remaining challenges in the months ahead. Specifically, this survey found: 42 percent have written plans for achieving Y2K compliance; 28 percent say all mission critical systems are now Y2K compliant; and 24 percent say they have completed contingency planning. Results of the survey have been shared recently with elementary/secondary school associations, including the Council of Chief State School Officers.

On May 17, 1999, the Department invited our nation's postsecondary education institutions to participate in a survey of their Y2K readiness. The results of this survey, which closed July 2, 1999, show that the postsecondary education community has also made progress in its Y2K efforts, but faces remaining challenges. Specifically, this survey found: 60 percent have written plans for achieving Y2K compliance; 30 percent say all mission critical systems are now Y2K compliant; and 62 percent say they have completed contingency plans for their mission critical systems. Key results of this survey were shared recently with postsecondary institution presidents in a letter from Secretary Riley. The Secretary's letter pointed out that a troubling number of postsecondary institutions have not yet completed their renovation and validation efforts. Furthermore, many respondents predict they will not complete their Y2K work until after October 1, 1999. This leaves little room for slippage in schedules and it suggests a need for serious attention to contingency planning.

Over the last several months, the Department has conducted assessments of the Y2K readiness of the 36 guaranty agencies that participate in the FFEL program and found they are all making satisfactory progress. All 36 guaranty agencies have agreed to test their data exchanges with the Department between July 12 and September 20. Many have done so already. The Y2K readiness of the two largest third party servicers employed by postsecondary institutions was assessed by the Department's OIG in March 1999. This assessment found significant work remained to ensure Y2K readiness. Follow-ups are being conducted.

- **Planned Y2K Teleconference.** The Department is planning to hold a second live interactive Y2K teleconference for the elementary/secondary education community

in late September. Panelists from the elementary/secondary education community will be on hand to share their knowledge, expertise and experiences with the rest of the education community. Specifically, the teleconference will focus on three main areas of discussion: system testing, contingency planning and the role of state and local municipalities. Panelists will also highlight tools and resources that are available for the education community. The viewing audience will be able to participate in the discussion by calling or faxing questions to our guests. Videotapes of the teleconference will be distributed to the education community.

- **High Impact Program: Student Aid “Local Assurances” Program.** The Department’s student financial aid programs have been identified by OMB as “high-impact” programs requiring the Department to develop and implement, in tandem with its trading partners, a program that provides assurances to our customers and the general public that student financial aid will continue without Y2K interruption throughout 2000 and beyond. The major component of this “assurances program” is a VNR that is scheduled to coincide with the start of the academic year later this month. The VNR will highlight students and schools sending and receiving data successfully with the Y2K compliant Department of Education systems. Testing opportunities for schools and the importance of conducting these tests will also be highlighted. An initial plan for this program was submitted to OMB on April 15, 1999. Monthly updates have been provided thereafter. This month’s update is at Appendix A of this report.

Change Management, Project Management and Independent Verification Efforts:

Project Management and Independent Verification. The Department’s Y2K project is led by a Project Director and central staff, along with Y2K coordinators for each principal office, who report biweekly, and more often if needed, to the Deputy Secretary and his Y2K Steering Committee. IV&V is provided by contractors Booz-Allen and Hamilton and Averstar, Inc. (formerly known as Intermetrics, Inc.) as part of the validation phase for all mission critical systems.

Change Management/The Moratorium Policy. The Department has prepared and implemented policy and procedures plus enforcement measures to achieve an effective moratorium on computer system changes from September 1999 through March 2000.

This is in accordance with the spirit and intent of OMB Memorandum M 99-17. The procedures/policy document provides a method for requesting waivers to the moratorium when changes are deemed essential for program operations.

Regulatory Review/Postponement Policy:

The Department has prepared and implemented a policy and procedures, including enforcement measures, to achieve an effective postponement during September 1999 through March 2000 on implementation of any new regulations that may result in system modification requirements to systems of the Department and external partners. The Y2K Steering Committee has distributed this policy and associated procedures to regulation writers throughout the Department. The procedures provide for request and approval of waiver actions as well as enforcement.

Maintaining Year 2000 Compliance:

In January 1999 the Department published, disseminated and implemented policy guidance for maintaining Year 2000 compliance for its systems and data exchanges. This policy guidance requires that all new releases of software or hardware upgrades for systems and all new systems must undergo a complete set of Year 2000 validation (or re-validation) tests prior to implementation. Y2K validations (re-validations) must be verified by an independent IV&V contractor.

Business Continuity and Contingency planning (BCCP):

- **General.** The Department has pursued an aggressive BCCP effort. The BCCP effort started last summer with the Department applying the GAO's BCCP approach to its core business processes and related systems. A multi-disciplinary BCCP team was established for each core business process and the related systems. Each team consists of program operations, policy and systems staff. These teams developed initial contingency plans for all core business processes and their related systems. These initial contingency plans were completed and initially tested and provided to OMB for review on March 31, 1999. Contingency plans for all non-mission critical systems were completed and initially tested by that time as well. Further testing and refining of the mission critical contingency plans is an on-going effort. The Department posted these initial plans to its Y2K website for public comment. Further refinements will be made by the BCCP teams based on this input.
- **Management consultant contractors.** KPMG and Booz-Allen and Hamilton (BAH), firms experienced in BCCP and knowledgeable of the Department's systems, were hired to facilitate contingency planning team meetings, develop documents and provide substantive analysis and contingency planning advice.

KPMG supported the student aid BCCP teams; BAH supported the rest.

- **Student financial aid.** Because the Department's student financial aid business processes are highly dependent on education and financial institution partners, our contingency planning process involved substantial consultation with these communities. For example, in February our student aid BCCP team chairs met for two days with a focus group of college student aid administrators, business officers and student loan industry leaders to obtain reactions to a draft report on our business impact analyses and preliminary risk mitigation and contingency plans. The report has been posted on the Department's website for comments by the interested public since late February.
- **Student aid BCCP teams,** established in September 1998, are organized around eight core business processes: institutional eligibility, student aid application and eligibility, student aid origination and disbursement, enrollment tracking and reporting, student aid repayment and collection, lender and guaranty agency payments, lender and guaranty agency services, and customer service. These teams completed their initial detailed contingency plans and submitted them to OMB on March 31, 1999.
- **Impact Aid.** A BCCP team was formed in early November 1998 with focus on the impact aid business process. This team completed its detailed contingency plan and initial testing by March 31, 1999.
- **Education Central Administrative Processing System (EDCAPS).** In November 1998 six core business processes supported by EDCAPS were identified: grant/award, contracts and purchasing, accounts receivable, reporting, payments, and budget. The corresponding six BCCP teams completed their contingency plans and initial testing by March 31, 1999.
- **Education Network (EDNet).** In November 1998 we established an EDNet BCCP team. This team completed the EDNet contingency plan and its initial testing by March 31, 1999.
- **Mission important/mission support systems.** Efforts began last summer to prepare contingency plans for the 133 active mission important/mission support systems in the Y2K inventory. Twenty eight (161 – 133) of these in the original Y2K inventory do not need contingency plans because they were retired and no longer in service. All 133 contingency plans were completed and initially tested by March 31, 1999.

- **BCCP coordination with the Department's Continuity of Operations Plan (COOP).** The contractor supporting the COOP effort has met with members of the Year 2000 Team responsible for BCCP. Discussions regarding the coordination of BCCP and COOP took place and agreements were made regarding the coordination of the planning approaches. The COOP support contractor reviewed existing BCCP planning documents to assure consistency between the two plans.
- **Relationship of Regional Offices to BCCP.** The Department has not developed separate BCCPs for its regional offices for the following reasons: all of the Department's program data systems are controlled and reside centrally, regional staffs do not enter nor manipulate data in these program systems. Instead, they serve a field liaison role for headquarters offices. It is important to note, however, that there is a separate building infrastructure contingency plan for each building location, including both headquarters and regional offices.

Selected Federally-supported, State-run programs:

- ED has no federally-supported, state-run programs.

Year 2000 conversion costs:

- **Estimated costs.** During this quarterly reporting period, cost estimates remained stable. The Department's overall cost estimate for the Y2K effort is \$44.1 million. See Table 2 below for current cost estimates by fiscal year.
- **Estimating the costs of BCCP preparations and implementation.** The costs of preparations in support of the BCCPs and, if need be, implementation of any of these was estimated recently. Preparations needed to make the BCCPs fully ready, if needed for implementation, include such tasks as additional software to be used if a BCCP(s) must be implemented. Other preparations include BCCP training and rehearsals. As of August 13, 1999, these preparation costs are estimated at \$ 3.2 million. The "worst case" costs of BCCP implementation (having to implement all the BCCPs) are estimated at \$ 7.5 million. The Department believes the likelihood of having to implement all of the BCCPs is very low.
- **Table 2 figures.** Cost estimates for preparations needed in support of the BCCPs

and “worst case” potential BCCP(s) implementation, are not included in Table 2 as recommended by OMB. OMB has not yet provided guidance on budgeting for these costs.

Table 2
Costs Summarized by Fiscal Year

Fiscal Year	1996	1997	1998	1999	2000	Total
Cost	\$0.1 M	\$ 1.4 M	\$ 19.6 M	\$ 18.7 M	\$ 4.3 M	\$44.1 M

Exception report on systems:

- No schedule changes have occurred this reporting quarter.

Systems scheduled for implementation after March 1999:

- No systems were scheduled for implementation after March 1999.

Problems affecting progress:

- None to report at this time.

Government-wide systems:

- The Department does not operate any government-wide systems.

Table 3
Progress on the 14 Mission-Critical Systems

OMB Report Date	Number of Systems	Assessment Completed	Renovation Completed	Validation completed	Implementation Completed
May 1998 (Actual)	14	100%	7%	0%	0%
Aug., 1998 (Actual)	14	100%	71%	29%	29%
Sept 10,1998 (Actual)	14	100%	71%	36%	29%

Oct. 8, 1998 (Actual)	14	100%	86%	50%	36%
Nov. 13, 1998 (Actual)	14	100%	93%	64%	64%
Feb. 12, 1999 (Actual)	14	100%	100%	100%	93%
March 31, 1999 (OMB Milestone)	14	100%	100%	100%	100%
May 14, 1999 (Actual)	14	100%	100%	100%	100%

Table 4
Progress on the 12 Mission-Critical Systems That Required Repair

OMB Report Date	Number of Systems*	Assessment Completed	Renovation Completed	Validation completed	Implementation Completed
May, 1998 (Actual)	12	100%	8%	0%	0%
Aug., 1998 (Actual)	12	100%	67%	25%	25%
Sept. 10, 1998 (Actual)	12	100%	67%	25%	25%
Oct. 8, 1998 (Actual)	12	100%	83%	42%	25%
Nov. 13, 1998 (Actual)	12	100%	92%	58%	58%
Feb. 12, 1999 (Actual)	12	100%	100%	100%	92%
March 31, 1999 (OMB Milestone)	12	100%	100%	100%	100%
May 14, 1999 (Actual)	12	100%	100%	100%	100%

* Table 4 excludes the two replacement systems, EDCAPS and Impact Aid System. Both have completed implementation and been phased into production. Four systems originally certified as compliant by contractors have been added to Table 4 because all required renovation to become compliant. Historic data on Tables 3 and 4 were recalculated to show this increase.

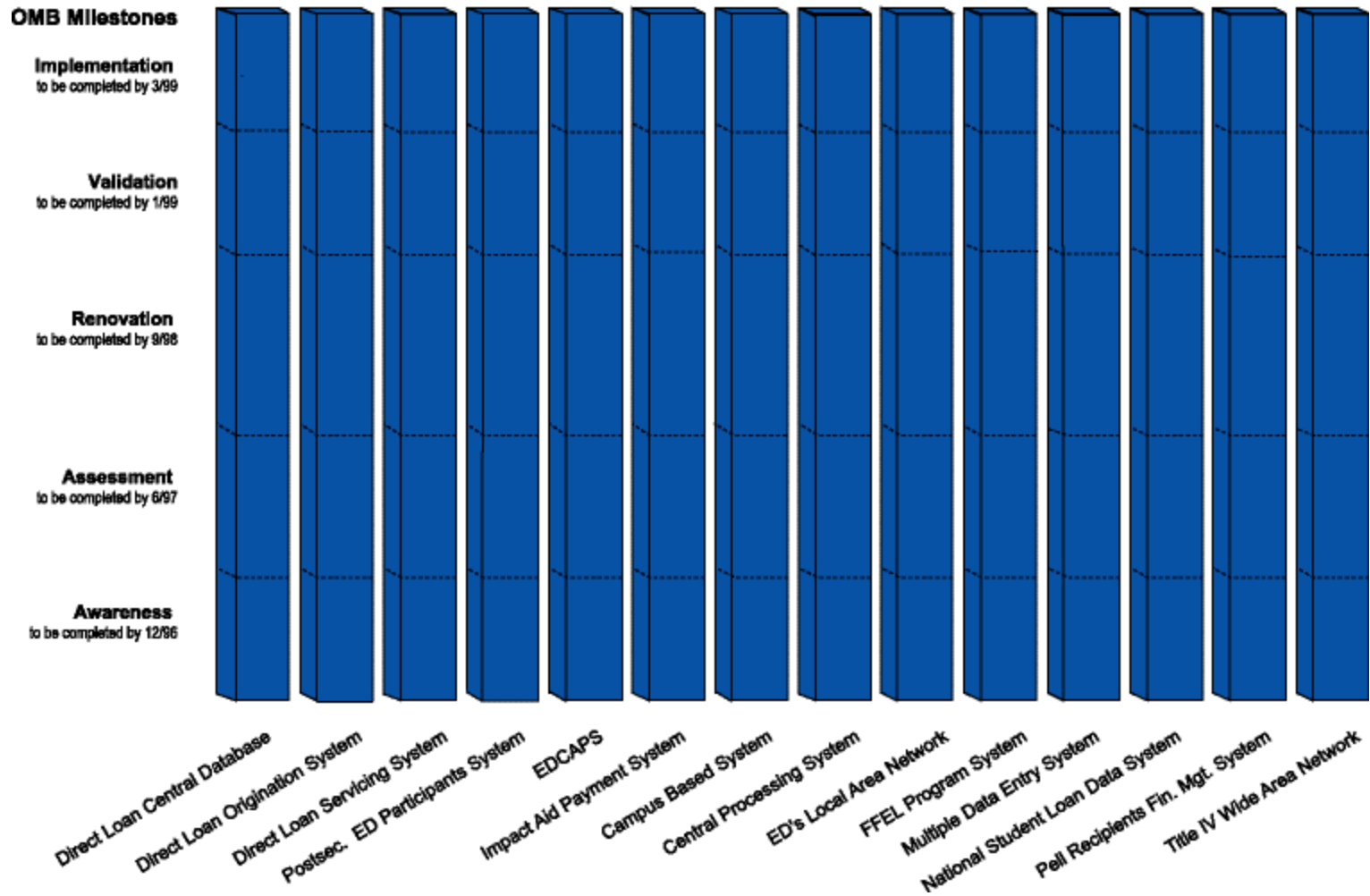
Table 5
Progress on Non-Critical Systems Administered by the Department

OMB Report	Number of Systems*	Assessment Complete	Renovation Complete	Validation Complete	Implementation Complete
May 1998 (Actual)	157	100%	36%	24%	19%
Aug. 1998 (Actual)	161	100%	83%	79%	79%
Sept. 10, 1998 (Actual)	161	100%	93%	79%	79%
Oct. 8, 1998 (Actual)	161	100%	97%	97%	97%
Nov. 13 1998 (Actual)	161	100%	99%	98%	98%
Feb. 12, 1999 (Actual)	161	100%	100%	99%	99%
March 31, 1999 (OMB Milestone)	161	100%	100%	100%	100%
May 14, 1999 (Actual)	161	100%	100%	100%	100%

* 28 of these 161 were retired from service rather than renovated.

Department of Education Year 2000 Compliance Project

Status of Mission-Critical Systems as of 3/08/99



Appendix A: Monthly Update on the “Local Assurances” Program in Support of the Student Financial Aid High Impact Federal Programs

MEMORANDUM

TO: Lorenzo Rasetti
Office of Management and Budget

FROM: Bob Davidson, Director
Year 2000 Project Management Team
U.S. Department of Education

SUBJECT: Assuring the Year 2000 Readiness of High Impact Federal Programs

This memorandum is in response to your request for a monthly update on the schedule of key activities in the Education Department’s strategy to assure its customers and the general public, that our student aid programs are year 2000 ready.

The Department’s strategy includes testing data exchanges with its trading partners, developing complementary business continuity and contingency plans with our partners and sharing key information on Y2K readiness with our partners and the public. Listed below is an updated schedule of activities associated with the Department’s strategy to assure the public that the high-impact student aid programs will work.

Testing Data Exchanges with Trading Partners

The Department’s data exchange testing strategy is based on two independent but complementary test plans that will provide evidence that student aid delivery systems are prepared to function as designed in the year 2000. The two planned tests are:

1. Year 2000 School and Trading Partner Testing. This testing is intended to verify the Y2K compliance of data exchanges with the approximately 6,500 postsecondary schools and/or other trading partners (e.g., third party servicers, guaranty agencies, state education offices, etc.). The testing schedule includes the following windows:

<i>Systems and External Trading Partners</i>	1st Testing Window		2nd Testing Window	
	Begin	<i>Finish</i>	Begin	Finish
National Student Loan Data System (NSLDS) Clearinghouse Schools Guaranty Agencies	04/12/1999	05/21/1999	07/12/1999	08/31/1999
Central Processing System (CPS) Schools	06/01/1999	07/12/1999	08/09/1999	09/20/1999
Direct Loan Origination System (DLOS) Schools	04/12/1999	05/21/1999	07/12/1999	08/20/1999
Pell Grants System Schools	06/21/1999	07/23/1999	07/12/1999	08/20/1999

As of this report, 46 of 121 schools attempting the tests have been fully successful. Additional testing windows for schools are being considered to begin later this Fall. In this way the Department's data exchanges school testing program will be available when schools complete their Y2K renovations and are ready to test.

2. Year 2000 End-to-End Testing. This testing is intended to validate the business processes that support the delivery of student aid program services. It includes systems not only internal to the Department but also those of other agencies that support student aid delivery external to the Department. The testing schedule is as follows:

<i>Test Phase Description</i>	<i>Phase Start</i>	<i>Phase Finish</i>
FFEL Lender Invoice and Disbursement Process	01/23/1999	03/02/1999
Guaranty Agency & Disbursement Process	01/23/1999	03/10/1999
Student Application Process	11/10/1998	02/05/1999
NSLDS Testing	11/10/1998	06/30/1999
CBS Testing	10/07/1998	03/18/1999
Pell Disbursement Testing	02/01/1999	06/30/1999
DLOS Exchange Testing	11/09/1998	05/21/1999
Direct Loan Repayment Process Testing	03/27/1998	03/19/1999
Data-Provider Software Testing	06/01/1998	02/05/1999

Developing Complementary Business Continuity and Contingency Plans

The Department has developed initial business continuity and contingency plans for each of the eight student aid business processes. The plans were developed with input from the external student aid community (e.g., schools, lenders, guaranty agencies, secondary markets, etc.). Updated drafts were submitted to OMB on June 15. They will be refined over the next several months based on comments and OMB input. To facilitate public comment, the plans are posted on the Department's Y2K web site. Listed below is a schedule of events for the business continuity and contingency planning process:

Event	Timeframe	Status
• Solicit initial comments from the postsecondary community	November 1998	Completed
• Hold focus group meetings on business continuity and contingency plans with the student aid community	February 1999	Completed
• Post the initial announcement of the project on the Department's web site	February 1999	Completed
• Post the student aid report on the eight business processes, including contingency plan "high level" options to the Department's website	March 1999	Completed
• Complete the initial business continuity and contingency plans	March 1999	Completed
• Participate in Texas Guaranty Student Loan Corp. Forum	March 1999	Completed
• Participate in the Direct Loan Annual Conference	March 1999	Completed
• Participate in Western Association of Student Financial Aid Administrators events	April 1999	Completed
• Participate in Virginia Association of Student Financial Aid Administrators events	April 1999	Completed
• Participate in conference of National Association of College and University Business Officers (NACUBO)	April 1999	Completed

• Post “updated” contingency plans to the Department’s website	May 1999	Completed
• Participate in student loan industry Y2K Contingency Planning Conference hosted by Student Loan Marketing Association	June 1999	Completed
• Participate in National Association of Student Financial Aid Administrators conference events	July 1999	Completed
• Participate in Third-Party Servicer Conference	August 1999	Planned

Sharing Key Information on Y2K Readiness with Customers and the Public

The Department has conducted a number of activities to share key information on Y2K readiness with its customers and the public. These activities will continue throughout 1999. Below is a partial listing of these activities:

<u>Event</u>	<u>Date</u>	Status
• Conduct a survey of community colleges’ Y2K readiness and post results on the Department’s website	Summer 1998	Completed
• Conduct survey of 1500 Direct Loan Program schools on their Y2K readiness and post results on Department’s website	Summer 1998	Completed
• Post the status of the Department’s Y2K renovation effort on its website	Quarterly 1998-1999	Ongoing
• Distribute the “Year 2000 Readiness Kit-- A Compilation of Y2K Resources for Schools, Colleges, & Universities”	November 1998	Completed
• Hold a national satellite teleconference for schools, colleges, & universities on meeting the Y2K computer challenge	December 1998	Completed
• Hold Y2K focus group/workshop for Hispanic Serving institutions	April 1999	Completed
• Conduct Y2K readiness survey of all 6,500 postsecondary institutions	May 1999	Completed

• Hold Y2K focus group/workshop in New Orleans for HBCUs	June 1999	Completed
• Hold Y2K focus group/ workshop in San Antonio for Hispanic Serving Institutions	June 1999	Completed
• Issue press release on results of the Postsecondary education Y2K readiness survey and post results on the Department's website	August 1999	Planned
• Conduct Y2K readiness reviews of guaranty agencies and third party servicers	Summer 1999	Underway
• Send Dear Colleague Letter from Chief Operating Officer, Office of Student Financial Assistance, to postsecondary community regarding testing and contingency plans	July 1999	Completed
• Meet with Presidents of HBCUs	July 1999	Completed
• Send Dear Colleague Letter from Deputy Secretary to student financial aid administrators regarding survey results, data exchange testing and contingency plans	July 1999	Completed
• Hold Y2K focus group in Bismarck, ND, for Tribally-controlled colleges and universities	July 1999	Completed
• Hold Y2K focus group in Denver for Hispanic Serving Institutions	July 1999	Completed
• Hold Y2K focus group in Albuquerque for Hispanic Serving Institutions	July 1999	Completed
• Hold Y2K focus group in Polsum, MT for Tribally-controlled colleges and universities	August 1999	Completed
• Hold Y2K focus group in Atlanta for HBCUs	August 1999	Completed
• Hold Y2K focus group in New York for large private and public Eastern institutions	August 1999	Planned

• Hold Y2K focus group in Ponce, PR, for Hispanic Serving Institutions	August 1999	Planned
• Send Dear Colleague Letter from Sec Riley to Presidents and Chancellors of all postsecondary institutions on survey results & need for exchange testing	August 1999	Completed
• Hold Y2K focus group in Washington, DC, for a cross-section of postsecondary institutions	September 1999	Planned
• Hold Y2K focus group in Minneapolis	September 1999	Planned
• Hold media event to demonstrate the readiness of the Department's student aid application system	August 1999	Planned
• Conduct follow-up survey on Y2K readiness with postsecondary institutions and publicize results	Fall 1999	Planned

The August media event will involve a demonstration of the Y2K readiness of our electronic student aid application system by producing a video news release (VNR) that can be carried by local television studios throughout the country. The VNR is to assure the public that student financial aid services, a high impact federal program, will not experience disruptions due to the Y2K bug. The video will not only promote the readiness of the Department's systems but will highlight the Y2K work that has been done at the local colleges, universities, and trade schools throughout the country. Further, the video will demonstrate that the interfaces between the Department and the local school, which is essential to a student receiving his/her aid, will not be disturbed due to the millennium bug. This video will also help promote the importance of postsecondary institutions to conduct data exchange testing with the Department. The VNR will be comprised of 15-20 second sound bites of several personalities from the education community, each of whom will discuss a different aspect of the Y2K issue. Included on the video will be a demonstration of a postsecondary institution (and student) participating in a live test with the Department. The VNR is scheduled to coincide with the start of the academic year later this month.

The Department will continue to participate in national and regional conferences on testing of data exchanges, developing business continuity and contingency plans, and sharing information on Y2K readiness. In all of these public activities, we will emphasize the Y2K readiness of the Department's systems and those of our trading partners.

The Department will provide you with our next monthly status report detailing progress on these activities by September 15. Meanwhile, if you have any questions or need additional information on this matter please do not hesitate to call me on 205-5263 or Dave Dexter on 401-0197.